

## IMPORTANT NOTICE TO ALL BUSINESSWORKS USERS:

The IRS issued Notice 1036, which includes the new income tax withholding tables that comply with the Tax Cuts & Jobs Act, signed into law in December, 2017. The Notice states:

*Employers should implement the 2018 withholding tables as soon as possible, but not later than February 15, 2018.*

To comply with these changes, you must make some adjustments to your BusinessWorks payroll tax tables as soon as possible. These changes may be implemented now, but must be made **before processing paychecks** dated February 15, 2018 or after..

All of the actions you need to perform are detailed on the following pages. Please contact FLI Customer Support if you have any questions regarding these changes.

As a reminder to Illinois employers, the Illinois Department of Revenue now requires you to enter W2 information for each employee you issued a W2 in 2017. This is done through your account in the MyTaxIllinois website, and must be completed by January 31, 2018.

Sincerely,  
FLI Customer Support

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**READ THIS ENTIRE DOCUMENT BEFORE MAKING ANY CHANGES**

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**IMPORTANT NOTICES:**

- These changes only affect Federal Income Tax (941) limits or rates.
- You may perform these steps immediately, but they must be completed before February 15, 2018.

## 2018 Federal Wage Withholding (based on 2018 IRS Publication 15 (Circular E) Employer’s Tax Guide)

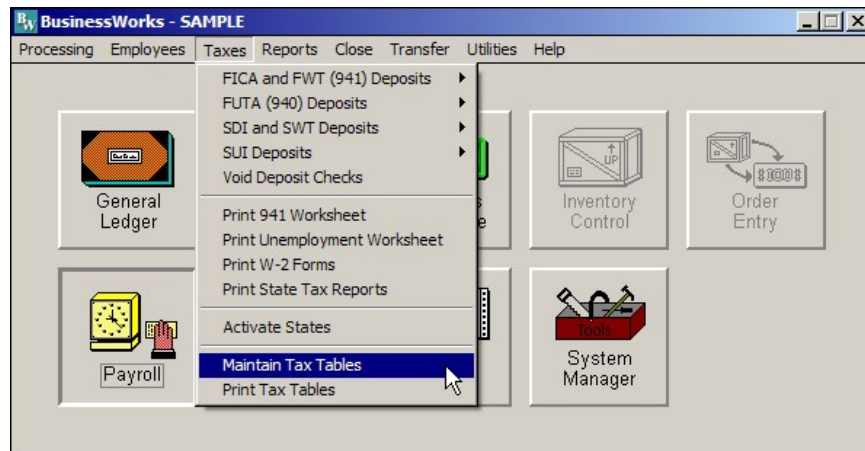
### Overview

The IRS issued Notice 1036, which includes the new income tax withholding tables that comply with the Tax Cuts & Jobs Act, signed into law in December, 2017. The Notice states: *Employers should implement the 2018 withholding tables as soon as possible, but not later than February 15, 2018.*

***Multiple Company Considerations: Changes made to your federal tax tables will be reflected in all companies – you will perform the following steps only once, regardless of the number of companies you use to process payroll.***

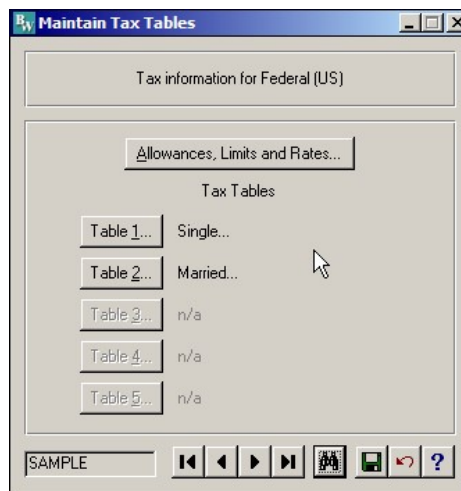
### Adjust Federal Wage Limitations

- 1) In the Payroll Module, go to Taxes > Maintain Tax Tables

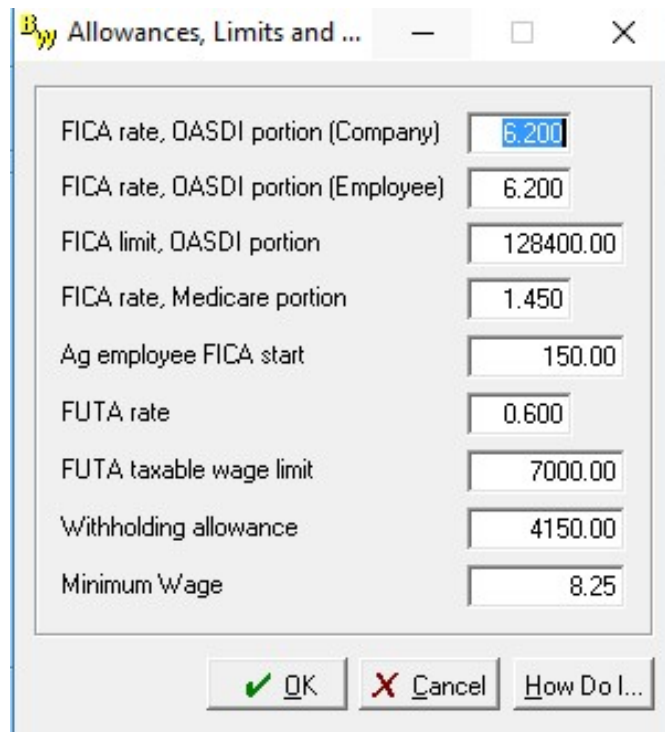


### **BW Gold**

- 2) In the Maintain Tax Tables Window, use the “binocular” button at the bottom to find the US (Federal) tax information. The top will read “Tax Information for Federal (US)” after your selection. Click the **Allowances, Limits and Rates** button.



- 3) Make sure the FICA rate for both Company and Employee = **6.200**. The FICA Limit, OASDI portion is **128,400.00**. Set the Withholding Allowance to **4150.00**. Make sure the FUTA rate = **0.600**. The Minimum Wage in Illinois remains unchanged at **8.25**. All other values may remain the same (or as shown in the image below).



FICA rate, OASDI portion (Company)	6.200
FICA rate, OASDI portion (Employee)	6.200
FICA limit, OASDI portion	128400.00
FICA rate, Medicare portion	1.450
Ag employee FICA start	150.00
FUTA rate	0.600
FUTA taxable wage limit	7000.00
Withholding allowance	4150.00
Minimum Wage	8.25

**NOTE** - In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You are required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold. Contact FLI if you have any employees whose gross wages exceed \$200,000.

- 4) After changing the Limits listed in Step 3, click OK at the bottom of the screen. This will return you to the Maintain Tax Tables screen.
- 5) Click Save in the toolbar at the bottom of the Maintain Tax Tables screen (the button with the green diskette image).
- 6) Click the **Table 1 (Single)** button

## Adjust Federal Wage Limitations (continued)

- 7) In the Single Tax Table, select the first line in the table, and then click the Delete button. Repeat until all lines are removed except the last line (system will not allow you to delete the last line). Use the chart below to enter each line starting from the first line (0.00 – 3700.00 – 0.00 – 0.000). After entering each line as listed click Accept, then repeat this step until all lines are entered. Click on the last line and click the Edit button on the right side of the window. Enter the amounts shown below for the last line and click Accept. Click OK when finished.

At least,	but less than	Base amount	+ Rate %	x Amount over
0.00		0.00	0.000	0.00
0.00	3700.00	0.00	0.000	0.00
3700.00	13225.00	0.00	10.000	3700.00
13225.00	42400.00	952.50	12.000	13225.00
42400.00	86200.00	4453.50	22.000	42400.00
86200.00	161200.00	14089.50	24.000	86200.00
161200.00	203700.00	32089.50	32.000	161200.00
203700.00	503700.00	45689.50	35.000	203700.00
503700.00	No limit	150689.50	37.000	503700.00

**NOTE** – If you need to add a line, change the all lines up to the last line, then click the Recalculate bases button at the top, then enter the new line into the blank fields, click Accept. The new line will be inserted just above the last line, and the last line will automatically calculate to the correct amounts, although you may need to Edit the last line to change the rate %.

## Adjust Federal Wage Limitations (continued)

- 8) Click the **Table 2 (Married)** button
- 9) In the Married Tax Table, select the first line in the table, and then click the Delete button. Repeat until all lines are removed except the last line (system will not allow you to delete the last line. Use the chart below to enter each line starting from the first line (0.00 – 11550.00 – 0.00 – 0.000). After entering each line as listed click Accept, then repeat this step until all lines are entered. Click on the last line and click the Edit button on the right side of the window. Enter the amounts shown below for the last line and click Accept. Click OK when finished.

The screenshot shows a window titled "Tax Table (Married)". At the top center is a button labeled "Recalculate bases". Below it is a table with five columns: "At least," "but less than," "Base amount," "+ Rate %", and "x Amount over". The first row has input fields for "At least," (containing "0.00"), "but less than," (empty), "Base amount" (0.00), "+ Rate %" (0.000), and "x Amount over" (0.00). To the right of the table are buttons for "Accept", "Clear", "Edit", and "Delete". At the bottom of the window are buttons for "OK", "Cancel", and "How Do I...".

At least,	but less than	Base amount	+ Rate %	x Amount over
0.00		0.00	0.000	0.00
11550.00	11550.00	0.00	10.000	11550.00
30600.00	88950.00	1905.00	12.000	30600.00
88950.00	176550.00	8907.00	22.000	88950.00
176550.00	326550.00	28179.00	24.000	176550.00
326550.00	411550.00	64179.00	32.000	326550.00
411550.00	611550.00	91379.00	35.000	411550.00
611550.00	No limit	161379.00	37.000	611550.00

**NOTE** – If you need to add a line, change the all lines up to the last line, then click the Recalculate bases button at the top, then enter the new line into the blank fields, click Accept. The new line will be inserted just above the last line, and the last line will automatically calculate to the correct amounts, although you may need to Edit the last line to change the rate %.

- 10) Click Save in the toolbar at the bottom of the Maintain Tax Tables screen (the button with the green diskette image), and close the Maintain Tax Tables screen.

## **Payroll Processing**

After completing the steps listed above, continue processing your 2017 payroll as you normally would. BusinessWorks will calculate withholdings based on the tax information you entered.

## **\*\*Special Considerations for 2018\*\***

Additional changes may be required due to Acts of Congress that become law after publication of this document. Payroll tax law changes could result in a requirement to purchase software upgrades to remain compliant. Additional information will be provided upon enactment of any additional payroll tax law changes.

You may be required to list Employer Provided Health costs on your employee's 2018 W-2 forms. Please consult with your CPA and, if necessary, read the document "**W-2 Reporting – Employer Provided Health**" in the BusinessWorks page on FLIsupport.com.

## **Disclaimers**

FLI provides this information as a convenience and service to assist our customers in making payroll tax changes to their BusinessWorks software to remain compliant with Federal and State statutes. All rates and values listed in this document were obtained from the Illinois Department of Employment Security (IDES) and the Internal Revenue Services (IRS) Table 7 – Annual Payroll Period, and are believed to be accurate and correct. FLI assumes NO responsibility for inaccurate, incorrect, or omitted information regarding any amounts or rates listed in this document. Further, FLI assumes NO responsibility for any damages resulting from any actions taken, or not taken, based on the information provided in this document.

## **Getting Assistance**

Please contact your accountant, IRS, IDOR, IDES, or FLI Customer Support if you have any questions regarding the information provided in this document